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Licensed Vocational Rehabilitation Counselor
Authored Master's Thesis on Closed Head Injury and Employability
Owner/President Unique Options, LLC & Medical Care Coordinators, Inc.
Board Member, Michigan Brain Injury Association
Mother of twin 14 year old boys who will start drivers training October 25, 2011

October 11, 2011

The Honorable State Representative Peter Lund, Committee Chair
Michigan House of Representatives Insurance Committee
374 Capitol Building
Lansing, MI 48909

RE: Opposition to House Bill 4936

Chairman Lund and Members of the House Insurance Committee:

I come in front of you today as a professional; Wayne State University prepared Master Level Vocational Counselor. I completed my Masters Thesis on Closed Head Injury and employability in 1989. The owner of Two Michigan based businesses. One my mother started in 1982 and I purchased in 2000 when she retired, Medical Care Coordinators, Inc. The second, Unique Options, LLC, my dream, I opened in 2004. Unique Options, LLC is a non traditional sheltered workshop for individuals who have sustained traumatic brain injuries and are not able to be competitively employed. I am also, a registered voter in Michigan, but most importantly I am the mother of twins James and Alan who are 14 and soon to be 15 years old. They will be starting drivers training in two weeks.

I have been here for the past two hearings listening to testimony. But I ask myself, why are we even here? Michigan voters have TWICE told Lansing they do not want to change our successful no-fault system. However, with what appears to be the creative license of AAA Insurance and The Bernstein Law firm, you are here to discuss dismantling the best insurance policies in the nation with the only guaranteed benefit to the insurance industry. When did we give up on Michigan and its citizens? I am a business owner with 175 employees who ask me why we are having this conversation. Of those 175 employees, 115 have incurred a traumatic brain injury as a result of an automobile accident. They were as young as 6 when they pushed a neighbor out of the way of an oncoming vehicle only to sustain a traumatic brain injury as well as severe physical impairments, to the 83 year old man who was working at the time of his accident and still wants to feel a productive part of society. As you aware, in House Bill 4936, if you are over 60 you cannot collect wage loss benefits. I guess they feel if you are over 60 you are no longer productive. I think that is age discrimination! And frankly that offends me as a Vocational Counselor.

While working as a Licensed Vocational Rehabilitation Counselor, I recognized the need for a workshop that served only the traumatic brain injury population. Up until this point, individuals with traumatic brain injuries only had the option to work in a traditional sheltered workshop which serves a mixed population that included the developmentally disabled, mentally retarded, psychiatric clients, and individuals on a return to work program from prison. Often times, these traditional workshops were dirty, poorly lit warehouses, paid piece rate, and frequently would run out of work leaving their clients with nothing to do. For an individual with a traumatic brain injury that remembers what life was like before the accident, the traditional workshop environment is not a good fit.

After extensive research and hard work, I opened a non-traditional sheltered workshop in 2004 called Unique Options. What makes Unique Options different from a traditional workshop is we are a clean, well lit, professionally staffed work place that only accepts individuals with traumatic brain injuries. Unique Options provides real work for real paychecks, we are not a day treatment program. Our clients work in areas such as production, quality inspection, assembly, sort/salvage, packaging, computer training, woodworking, small engine repair, paint/stain, upholstery, horticulture, automotive detailing, custodial, building maintenance, and retail services. We are an ISO 9001 registered company. This has allowed us to obtain contracts with Tier 2 and Tier 3 suppliers that provide products to Ford, GM, and Chrysler, as well as several companies that provide parts to the US Military. We also do work for a Michigan based greeting card company that has our clients handle their quality inspection and assembly process for all of their accounts in the United States and Great Britain. This company had transferred all of their international work to Great Britain, but found the quality of the work was not as good, so they transferred it all back to us. We are very proud of this since there are not many companies that were able to bring work from overseas back to Michigan.

At Unique Options, our clients work a variety of schedules. Some work full time while other might only work half a day per week because that's all there capable of. At all times, we will have no more than three clients working with a job coach. This staff to client ratio allows us to best support the client's employment and help them to develop proper behaviors and work ethics. Our Director is registered nurse who handles everything from dispensing medication to responding to seizures. We have a limited licensed psychologist on staff to work with clients on behavior plans, and a PhD level vocational counselor to work with the clients that are preparing to return to work within the community.

Another big difference between Unique Options and the traditional sheltered workshops is we pay our clients an hourly wage instead of piece rate. With piece rate pay, an individual can work as hard as they can, but due to their injuries, might only be able to produce at 10% productivity, causing them to have a very low paycheck. To give you a real life example, we recently had a client come to us after working at a traditional workshop. Because of her injuries, she wasn't able to produce at a high rate, even though she was working as hard as she could. Because of this, her largest paycheck for two weeks was \$1.74. At Unique Options, she will earn a minimum of \$6.00 an hour with the opportunity to earn more. Over the last five years, our clients have earned more than 1.4 million dollars in their paychecks. This allows our clients to spend this money in the community on items like grocery's clothes, or expenses denied by the insurance companies. We also offer our clients dental insurance, the opportunity to invest in a 401K program, holiday bonuses, and a yearly raise.

If auto no-fault is to change, Vocational Rehabilitation and employment at non-traditional sheltered workshops will no longer be available to those who need it. This will mean that an individual will have recovered to their maximum medical potential and will be ready to take that next step of reintegration into the community and returning to work, but will find themselves with no where to turn to help make this possible.

No matter the level of Vocational Rehabilitation an individual might require, it does not take away for the importance of employment in their lives. Employment creates purpose and this is the driving force that gives an individual reason to get up in the morning, contribute to society, work towards their goals, and know that what they do, does makes a difference. Please ensure their ability to return to work and that quality of life is not overlooked or forgotten about just because a financial cap has already been met.

Over the past few days of testimony, we have heard from insurance industry experts from New Jersey, New York, Illinois, and Virginia. It appears to me since they do not have the best insurance in the nation, they hold no vested interest in protecting ours, or even truly understand what we have. Now it's time to here from Michigan.

The following facts were presented and I feel make the case to leave our current system alone:

- 1) All the experts agreed that Medicaid is a mess and Michigan cannot afford to tax it any further by cost shifting the estimated 30 million dollars** of our citizens medical cost from the insurance companies.
- 2) With Michigan having the 3rd highest unemployment rate in the nation at 11.2%*, we cannot afford to lose any more jobs, much less the anticipated 5,200**
- 3) The catastrophic fund is fully funded with 11.5 billion dollars in reserve and has been a success for the past 38 years. No one has been able to prove otherwise. I have only seen projections without data to support them. Until the data from the MCCA is presented and verified, we will never know the truth. In a recent Independent Auditor report it was stated that the MCCA received permission from the State of Michigan Office of Financial and Insurance Regulation to discount its liabilities for loss and loss adjustment expenses on a non-tabular basis. It was also stated that, "this practice differs prescribed statutory accounting practices." As of June 30, 2010 and 2009, this permitted practice reduced the Association's accumulated deficit (retained earnings) by \$52,885,323,000 and \$49,035,990,000 respectively and increased (decreased) the Associations net income by \$3,849,333,000 and \$1,160,259,000 respectively as compared to what it would have been had the prescribed statutory accounting practices been followed. ***
- 4) The MCCA has used a 105 year projection to claim it is not sustainable****. Standard business accounting projections of five to ten years should be used, especially given the recent fluctuations in economy.
- 5) For only 12 dollars per month all Michigan drivers and their passengers/children are fully protected regardless of their social economic condition.
- 6) Profits made by the nation's top 10 auto insurance carriers will be channeled right out of Michigan as that is where they have their home offices.
- 7) The citizens said NO CHANGE with a 2/3 vote in 1992 and again in 1994
- 8) The Majority of the citizens attending the committee hearings have said NO CHANGE at a 45 to 1 ratio at Tuesday's hearing alone.
- 9) By the insurance industries own omission there is No guarantee of a price reduction. During the AAA experts own testimony on October 6, 2011 he said we should "preserve Michigan auto no fault" and "it was never designed for immediate rate reductions, just for future cost control." This should be enough proof needed to recognize that there will be NO reduction in premiums.
- 10) Someone has to pay for these services; the costs will not go away. Why burden the State of Michigan when it isn't necessary? When did the focus become the best interest of the insurance companies and not the residents of Michigan?

Michigan is at a critical crossroad. We can go one direction that will have a negative effect on the State of Michigan for years to come. Poor care, low quality of life for the catastrophically injured and their families, job loss, lost tax revenue, and a severely burdened Medicaid and welfare program will be reality. Or we can take another route. This route will move Michigan in a positive direction and keep us as the nation's leader in not only auto insurance, but in the care and rehabilitation of traumatic brain injuries. Whatever direction is

chosen will have lasting effect on the State of Michigan. The legacy left by the destruction of auto no-fault insurance will be one of question, burden, and disregard. But if auto no-fault insurance is protected, leadership, foresight, and humanity will be the defining words of the legacy left behind.

We don't need to change from the best just because the insurance industry is not happy. We have seen the results of their massive resources in a marketing campaign and war chest donations to convince you we need change. Who are you working for the Citizens of this Great State or the Insurance Companies?

I know I can only sleep well at night knowing I did my best for my children and to put their futures at risk only to benefit the insurance companies is just wrong!

At this time I can only pray your legacy will be that of the Legislature that listened to the citizens of Michigan and Saved Auto No Fault by telling the Insurance Companies NO CHANGE.

Also attached to my written testimony are two bills from Unique Options. One is for a workman's compensation client and the other for an auto no-fault client. They reflect billing over two separate years. As you can see, the rates are the same for both workman's compensation client and auto no-fault client, not to mention zero rate increase over the two years.

*www.ncsl.org (Sept. 2011)

** Impact of Proposed "PIP Choice" Law in Michigan prepared by Anderson Economic Group, LLC (Sept.02, 2011)

*** Price Water House Coopers Michigan Catastrophic Claims Association Financial Sates and Supplemental Schedules (Statutory Basis of Accounting) June 30, 2010 and 2009.

**** Crain's Detroit Business (Oct. 7, 2011)

UNIQUE OPTIONS, L.L.C.

Quality for Living
14461 E. Eleven Mile Road
Warren, MI 48088

www.uniqueoptionsllc.com

Phone: (586) 774-6200

Fax: (586) 774-6210

Account Of: Federated Insurance
Al Laughlin
7700 Frances Ave
Edina, MN 55435

INVOICE

Invoice Date: 8/26/11

Invoice No: 8029

Tax ID #: 06-1732113

Claimant:

Date Of Loss: 08/29/07

ICD 9 Code: 93.85 Sheltered Employment Workshop

CPT Code: 97537

| CLAIM NUMBER | PAYMENT TERMS | DUE DATE |
|--------------------------|---------------|----------|
| | Net 30 Days | 9/25/11 |
| DESCRIPTION | | AMOUNT |
| Week 08/01/11 - 08/05/11 | | 810.00 |
| Week 08/08/11 - 08/12/11 | | 810.00 |
| Week 08/15/11 - 08/19/11 | | 720.00 |
| Week 08/22/11 - 08/26/11 | | 810.00 |
| Total Invoice Amount | | 3,150.00 |

*****PLEASE MAKE CHECKS PAYABLE TO: UniQue Options, LLC*****

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14461 E. Eleven Mile Road
Warren, MI 48088

www.uniqueoptionsllc.com

Phone: (586) 774-6200
Fax: (586) 774-6210

Account Of: Federated Insurance
Al Laughlin
7700 Frances Ave
Edina, MN 55435

INVOICE

Invoice Date: 9/24/10

Invoice No: 6154

Tax ID #: 06-1732113

Claimant:

Date Of Loss: 08/29/07

ICD 9 Code: 93.85 Sheltered Employment Workshop

CPT Code: 97537

| CLAIM NUMBER | PAYMENT TERMS | DUE DATE |
|--------------------------|---------------|----------|
| | Net 30 Days | 10/24/10 |
| DESCRIPTION | | AMOUNT |
| Week 08/30/10 - 09/03/10 | | 720.00 |
| Week 09/06/10 - 09/10/10 | | 810.00 |
| Week 09/13/10 - 09/17/10 | | 810.00 |
| Week 09/20/10 - 09/24/10 | | 810.00 |
| Total Invoice Amount | | 3,150.00 |

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14461 E. Eleven Mile Road
Warren, MI 48088

www.uniqueoptionsllc.com

Phone: (586) 774-6200

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Account Of: Allstate Insurance
Judy Cenzer
P.O. Box 9231
Farmington Hills, MI 48333-9231

INVOICE

Invoice Date: 8/26/11

Invoice No: 8032

Tax ID #: 06-1732113

Claimant:

Date Of Loss: 08/02/02

ICD 9 Code: 93.85 Sheltered Employment Workshop

CPT Code: 97537

| CLAIM NUMBER | PAYMENT TERMS | DUE DATE |
|---------------------------------------|---------------|----------|
| | Net 30 Days | 9/25/11 |
| DESCRIPTION | | AMOUNT |
| Week 08/01/11 - 08/05/11 | | 810.00 |
| Week 08/08/11 - 08/12/11 - No Charges | | |
| Week 08/15/11 - 08/19/11 | | 810.00 |
| Week 08/22/11 - 08/26/11 | | 810.00 |
| Total Invoice Amount | | 2,430.00 |

*****PLEASE MAKE CHECKS PAYABLE TO: UniQue Options, LLC*****

UNIQUE OPTIONS, L.L.C.

Quality for Living

14461 E. Eleven Mile Road
Warren, MI 48088

www.uniqueoptionsllc.com

Phone: (586) 774-6200
Fax: (586) 774-6210

Account Of: Allstate Insurance
Judy Cenzer
P.O. Box 9231
Farmington Hills, MI 48333-9231

INVOICE

Invoice Date: 9/24/10

Invoice No: 6158

Tax ID #: 06-1732113

Claimant:

Date Of Loss: 08/02/02

ICD 9 Code: 93.85 Sheltered Employment Workshop
CPT Code: 97537

| CLAIM NUMBER | PAYMENT TERMS | DUE DATE |
|--------------------------|---------------|----------|
| | Net 30 Days | 10/24/10 |
| DESCRIPTION | | AMOUNT |
| Week 08/30/10 - 09/03/10 | | 810.00 |
| Week 09/06/10 - 09/10/10 | | 540.00 |
| Week 09/13/10 - 09/17/10 | | 810.00 |
| Week 09/20/10 - 09/24/10 | | 810.00 |
| Total Invoice Amount | | 2,970.00 |

*****PLEASE MAKE CHECKS PAYABLE TO: UniQue Options, LLC*****

October 9, 2011

Dear Representative Pete Lund:

My name is Julie Ladwig. I am a licensed physical therapist from Lake Orion that has worked in Michigan for 25 years. Much of my experience was at Beaumont Hospital. I have experienced how all of the different payer sources work for the patients I have served that have sustained devastating life-long injuries to their brain and/or spinal cord. I am writing this letter to you in regards to House Bill 4936. I am opposed to this bill. The Auto No-fault system is working and there are checks and balances in this system to control the costs. The focus of my letter to you today is in regards to the concern I have with using the workman's comp fee schedules to determine reimbursement levels for those that have sustained catastrophic injuries.

In my 25 years as a Physical Therapist, I have seen many different types of patients and have worked with private, public, auto and workman's comp as reimbursement sources. The best way for me to discuss this is to share some different case studies and outline the significant differences in clinical need for different diagnoses.

Most workman's comp injuries involve broken bones, strained ligaments, joint problems, and muscular problems from inflammation/overuse. There are rare incidents of injury to the central nervous system (brain and spinal cord), typically from falls of great distance or driving on the job. Here are some cases to allow us to dive into more detail in this area:

Case 1: (Worker's Compensation Funding)

35 year old male that is part of a roughing crew and injures his shoulder from overuse. He needs to go to physical therapy only and receives ultrasound, moist heat, massage, manual therapy, exercise, and ice. He is cognitively intact and can work relatively independently on his exercise program and only requires the individual attention of his therapist for 15 to 20 minutes. He is in the clinic for an hour receiving the above outlined treatment modalities. While he is being treated the same clinician has 2 other patients going at the same time. In essence the clinician can see 3 patients in one hour and each patient is billed for approximately one hour of clinical intervention.

Case 2: (Health Insurance Funding)

45 year old male that is in the prime of his career. He is a successful businessman working as a hospital administrator. He is at work one day and starts to talk funny, loses his balance, has facial droop, and has weakness on the left side of his body. He has just had a brain aneurysm rupture and his life will be changed forever. He has private insurance. We will use Blue Cross as an example. There are "rules" to his rehabilitation. Limited number of visits; different disciplines have to be on the same day to maximize his time in rehabilitation. He has to learn to speak again, eat again, dress, bathe, groom, walk, write,

In Summary, to assume that a fee schedule that was adopted to cover worker's who sustain mostly orthopedic injuries for back, neck, shoulder, leg, and hand injuries would work for neurological injuries is unrealistic. The intensity of rehabilitation between these different injuries and the amount of one on one time that is needed with the therapist is very different. If any of you have had an orthopedic injury that required therapy you can relate to what I am explaining. I was speaking to a co-worker last week about the fee schedule portion of House bill 4936. He explained to me that after his shoulder surgery he received Physical Therapy. He stated that his therapist spent 5-10 minutes with him every time he came in for therapy. She did the manual work on his shoulder and then he did exercises while she was working with other clients. This is NOT possible when you are working with someone that has sustained a neurological injury. The patient can't work independently. They require the skilled care of the clinician during the session. There is no way to "double or triple up" on patients that have traumatic brain injuries or spinal cord injuries. It can't be done.

To modify the current practice of reimbursement to clinics that treat neurologically involved clients that have sustained a catastrophic injury to the fee schedule will not work. Patients will not be able to get the intensive skilled therapy they require for recovery and clinics will not be able to survive on that level of reimbursement. There will be fewer clinics that will even treat people with these injuries because the businesses will not be able to survive. A shoulder injury does not come anywhere close to comparison to a TBI and/or SCI.

What I have found interesting during the last two days of testimonies is the assumption that people that sustain catastrophic injuries due to a motor vehicle accident get whatever they want whenever they want it. This is just not the case. There are many checks and balances within the system. Many times letters of medical necessity have to be written and signed by the treating physician. The sky is not the limit when it comes to getting things for people that have had devastating injuries due to a car accident. These cases are complex and have an entire team that is working collaboratively to determine what the best thing is for the patient clinically. There is the interdisciplinary team, case managers, physicians, and adjuster working together. This system is not a free for all....get whatever your heart desires. However, the patient should be able to get what they need when they need it and not have to wait months. There is a way to monitor the costs related to rehabilitating someone that has had this devastating injury.

In conclusion, the Auto No-fault system is working. It is not a system of unlimited benefits with patient's getting whatever they ask for. There are professionals that are making the recommendations and there are systems in place to help monitor the costs. Just as other businesses have to have quality control in place, so do the insurance companies. Thus far the auto insurance companies have not even guaranteed that the people would even save anything on their auto rates. It just does not make sense to support PIP choice or workman's comp fee schedules. These fee schedules will NOT work for clinics that treat patients with catastrophic injuries, nor will it work for attendant care and needed nursing care in the home.

Here are some of the realities of this bill being passes:

1. It will be an economic and Job killer- it is expected that 2500-5000 jobs will be lost